



ACCESS THE WORLD

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MAP is First-to-Market with the Launch of Visa ReadyLink ATMs

Working with our partner, Visa Debit Processing Service, MAP is now offering prepaid reloads at cash-accepting ATMs for consumers wishing to add funds to Readylink enabled Visa prepaid cards. MAP is the first in the industry to support Visa ReadyLink ATM transactions on Diebold ATM terminals, launching the product at TwnStar Credit Union in Olympia, Wash.

MAP joins the 7,000-plus merchant locations across the U.S. that have implemented Visa ReadyLink since it first started in 2006. Readylink Prepaid cards help meet the needs of over 80 million unbanked U.S. consumers who rely heavily on cash for everyday transactions and are looking for a card payment alternative.

With Visa ReadyLink at merchant locations – and now ATMs – consumers have an easy way to reload funds to Visa reloadable prepaid cards, including payroll, general purpose reloadable and government disbursement cards. This provides immediate access to funds with a safer, more convenient payment alternative to cash and checks.

How Readylink works:

Using any participating Diebold ATM ter-



terminal that accepts cash deposits, consumers can load funds onto their reloadable, Visa ReadyLink-participating prepaid cards by choosing the “Add Funds To Prepaid Card” option shown in the above photograph. Once the option is chosen, consumers can insert as many bills as they like and transfer the amount of the deposit directly onto their prepaid card.



Visa ReadyLink delivers greater value to ATM owners and financial institutions. For ATM owners, Visa ReadyLink creates an opportunity to provide innovative services to consumers that

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can help drive incremental revenue—all through an existing VisaNet connection. For financial institutions, VisaReadyLink transactions are processed like any other Visa transaction. Like authorized and approved transactions, prepaid funds are guaranteed by the ATM acquirer to the card issuer.

MAP and Visa continue to invest in the growth of prepaid products to penetrate cash and check-spending consumer segments in the U.S. The investment also allows client credit unions to grow their electronic payments with members that still rely heavily on cash. Increasingly, consumers are turning to prepaid products for the convenience and security they provide, while businesses and governments are realizing cost savings and efficiencies by distributing payroll and benefits – like unemployment and child support funds—with a Visa prepaid card instead of checks.

All MAP reloadable prepaid cards are ReadyLink enabled. Additionally, our comprehensive prepaid processing platform offers a combination of features and network options – PIN, POS and ATM and surcharge-free network solutions that a credit union can define. MAP's scalable platform allows the institution to select only the functions it needs to support business requirements, differentiate product offerings, and take advantage of new product opportunities. With MAP Prepaid Cards, credit unions "Instant Issue" cards at their branches for members in most any denomination the member chooses.

Possibly the lowest priced product on the market, MAP's Visa-branded, prepaid cards have no activation fees, maintenance fees, or transaction fees during card use. Cardholders only incur the fees when they elect to use a service.

MAP's prepaid card solution can help you build and expand your existing card portfolio and efficiently serve a new base of members. For more information about MAP Prepaid GPR and gift cards, please contact Blake Colbo at 866-598-0698 x1620 or blake.colbo@mapacific.com.



MAP Affiliation with CU*South

MAP is pleased to announce its new affiliation with CU*South, a credit union-owned cooperative that offers the flagship CU*BASE core data processing system in both an online (ASP) and In-house configurations. Together with our alliance with CU*NorthWest, we have developed a card processing model that allows us to provide all the robust technology, innovation, and service of Visa Debit Processing Service at a scale that is both manageable and affordable to CU*South and CU*NorthWest client credit unions. For more information about MAP's CU*South and CU*NorthWest partnerships, please contact Blake Colbo at 866-598-0698 x1620 or blake.colbo@mapacific.com.

Unitus CCU to Pilot MAP's Design A Card

Unitus Community Credit Union, headquartered in Portland, Ore., will pilot MAP's card personalization service beginning in the summer of 2011. "Design A Card", MAP's card personalization product, is a robust and proven web-based application that will allow Unitus members to create their own personal payment cards using photos of a loved one, pet, favorite place or memorable event. Members can design their own card by uploading a personal photo quickly and easily as part of the credit union's online banking experience.

Unitus continues to enhance its services even as other financial institutions announce plans to begin new fees, take away perks, or add requirements in order to maintain accounts. Some institutions refrain from promoting their free products. They say they're still not sure they can provide it until new rules on debit-card fees become clear. Unitus announced in March that it will continue to offer free checking and free online services such as bill pay regardless of other changes in the marketplace.

For more information about MAP's Design A Card debit and credit card personalization program, please contact Herb Tajalle at 866-598-0698 x1616 or herb.tajalle@mapacific.com.



The good. The bad. The ugly.

The Credit CARD Act turns “One.”

One year ago the epic Credit CARD Act took effect, which aimed to reform the entire credit card industry and help young people under age 21 steer clear of credit card dangers.

While some are calling the law a success for consumers, others think the celebration is a bit overdone.

The Center for Responsible Lending recently released a study declaring the Credit CARD Act an unqualified success, claiming it “reversed much of the unclear pricing on credit cards, without leading to higher rates or more difficulty in getting credit.”

According to the Center for Responsible Lending, “an estimated \$12.1 billion in previously obscure yearly charges are now stated more clearly in credit card offers.”

On the other side, the credit card industry would argue that the increase in interest rates was due to the CARD Act and more rules and regulation.

“Whether you look at it intuitively or statistically, it’s obvious that the CARD Act has neither increased interest rates nor limited consumers’ access to credit,” Odysseas Papadimitriou, said CardHub.com CEO.

Interest rates on credit cards have increased according to the Federal Reserve. Interest rates on credit cards towards the end of 2010 on average were 13.44%, compared to about 12.08% in 2008. However, according to a study from CardHub.com, the rise in interest rates was due to the unstable economy and not the CARD Act.

Even Elizabeth Warren of the Consumer Financial Protection Bureau agrees that the CARD Act is not without negative consequences, recently telling a Bloomberg reporter, “We can probably agree that this approach – write a rule, avoid a rule, write another rule – is costly for consumers and the industry. Because it multiplies the number and complexity of rules, this approach creates special challenges for those smaller banks and credit issuers that still offer credit cards to their customers.”

The CARD Act aimed to protect students from credit card dangers by requiring those under age 21 to have a cosigner on the account and



The CARD Act one year later

prohibiting credit card companies from sending pre-approved credit card offers to those under age 21 via mail.

According to a study released last month from the University of Houston, 76% of undergraduate students received credit card offers in the mail over the past year. While it’s still legal for companies to send credit card offers in the mail (pre-approved offers, however, are illegal and against the CARD Act), this study shows how willing credit card companies are to find any and all loopholes.

New credit card rules mandated by the Credit CARD Act of 2009 have resulted in significantly greater price transparency for consumers. This reverses a trend of increasingly unclear pricing that for years misled consumers into believing they would pay less for credit card debt than was true. Inaccurate pricing information likely caused many borrowers to take on more credit card debt than they otherwise would have.

However, while the CARD Act is being applauded for increased transparency for consumers and special kudos for eliminating unannounced rate hikes and unreasonable overdraft fees, the regulation has been a major burden for credit unions, and will be for years before all the significant and negative “unintended consequences” are uncovered.

After Durbin, Strongest Rewards (and pitfalls) May Come From Retailer Debit Programs

In a sign of the times, both payments experts and consumer advocates are touting the strengths of debit card rewards programs that are not being issued by financial institutions. In fact, these reward programs are not really debit cards at all, but are merchant issued debit programs designed to circumvent the traditional payment processing network. These card systems use a credit or EFT processing system to validate the transactions, then the cardholders' checking accounts are debited directly through an ACH transaction.

Some of the most popular of these 'so-called' debit programs are those distributed by the Target retail chain, the Nordstrom department stores, and the Shell oil company. Each of these cards offer consumers discounts at the sponsoring retailers and rewards on purchases. While these rewards can often be more generous than what most financial institutions offer, there are pitfalls consumers should be aware of as well. For example, disclosures for Target and Nordstrom state that the retailers may report transaction information to the credit reporting agencies and applying for the card may trigger a credit report. Also, Target said it will share personal information with its affiliated marketing partners unless a consumer takes the time to opt-out with a form that arrives with the card.

Cardholders used to the protections of Visa-branded cards may be surprised to learn that purchases on the retailers' cards do not carry the same consumer protections that network-branded debit cards do. Moreover, the Shell and Nordstrom cards are ACH cards and do not provide consumers the same opt-out or opt-in Overdraft Protection (ODP) rights they have with their debit card. For example the Nordstrom MOD Card is a debit card that can only be used at Nordstrom and deducts purchases directly from a customer's bank account. This would trigger NSF fees for purchases made on overdrawn checking accounts whether or not the consumer "opted out" of ODP.



In the wake of Durbin, some prognosticators are predicting a proliferation of retailer-funded rewards programs. As financial institutions are required to charge fees for checking accounts to recoup lost interchange revenue, retailers will be offering incentives to keep consumer using debit over other, more expensive, payment forms. Now with the Fed's proposed cap on interchange, the cost to retailers will most likely be the same and there is a real possibility that a debit transaction with merchant funded rewards may actually cost more than the pre-Durbin interchange fee for a debit transaction.

The challenge for financial institutions is implementing a loyalty/rewards program that brings the most value to members and the institution. According to the recent "Recommendation Index" study from Zocalo Group and MARC Research, which examined what influences consumer purchasing decisions, despite the fact that finance and travel rewards have the highest membership, the most recommended reward program in the US is Rite Aid, followed by Borders and Chase (see list left).

While the average U.S. household has more than 14 reward or loyalty memberships, the study suggests that consumers tend to speak positively about programs that reward "everyday" purchases and provide some form of instant gratification, suggesting consumers find greater value in and they are willing to speak more favorably about those programs that provide everyday value. The study did note that this does not discount the excitement that consumers generate around brands within the travel and finance sectors, since programs in these areas offer larger, one-time, harder-to-achieve rewards, and consumers may recommend them on a less consistent basis.

Will Debit Cards Bounce?

Large issuers consider "unbundling" services

It may no longer be a question of if, but when. The big banks may let debit cards bounce – just like checks. Historically, if a debit transaction is approved, payment is guaranteed, but now that issuers are faced with the Fed's new rules that cap debit transactions to 12 cents, large issuers are reconsidering whether to guarantee payment.



In light of the Durbin Amendment, large debit card issuers are seriously considering dividing debit-card services into components and charging for each separately, also known as "unbundling" of services. For example, if merchants want a guarantee of payment, as approved debit transactions currently offer – then, that would cost extra.

"We've helped develop the debit payment mechanism, and someone is saying, 'We don't want to pay for that,' forces us to rethink things," said Joe Price, Bank of America's head of consumer and small business banking.

While details on how unbundling may be implemented has yet to be worked out, it is clear that the merchant would pay a fee for the guaranteed payment feature if it is enforced. What is unclear is whether consumers would pay a NSF fee—similar to that on a returned check—for a debit transaction that bounces.

Many banks, such as Bank of America, Wells Fargo and J.P. Morgan Chase, have already begun revamping their debit programs, but they remain leery of discussing specifics of their "unbundling" strategies and say they're waiting for the Fed's final rules expected April 22. "If you see the Fed proposal the way it is, then unbundling is definitely an option," says Chris McWilton, president of U.S. markets at MasterCard. "Implementation ultimately depends on where the legislation ends at the end of the day."

Even before the Fed's rules were proposed in December 2010, executives were considering the tactic of charging for some traditionally bundled debit services. "I would say one of the most important changes that we will consider in our business model, in the new environment, is an unbundling of the services that we currently offer and price for," said Byron Pollitt, Visa's finance chief. "I think this will lead to more a la cart pricing and more pay for the services based on the value that it creates for the merchant."

Industry News

Cash usage to decline by 17%:

Cash use in the US is expected to continue its current decline through 2015, a recent survey has revealed. According to the research, conducted by



Aite Group, which cash transactions are decreasing in number and value, cash use is far from vanishing. The study found that while 30 percent of polled consumers use cash less often than they did two years ago, 20 percent use it more often. The report indicates that Generation Y members (individuals born from the mid-1970s to the early 2000s) is the only generation more likely to use cash more often today than it did two years ago. Overall, the report found that US consumers' use of cash is likely to decline by a total of 17 percent, or 4 percent per year, between 2010 and 2015, dropping to slightly more than \$1 trillion.

Allpoint Network expands to Mexico: Allpoint Network, operator of the largest surcharge-free ATM network, has added more than 2,500 ATMs across Mexico in leading retail locations. The new access places Allpoint in the top ten largest ATM operators in Mexico alongside the country's biggest banks. The ATMs offer both Spanish and English language options and will carry the Allpoint logo. More than 4.3 million U.S. tourists traveled to Mexico in 2010 alone. This further differentiates Allpoint brand in the Mexican market. With the expansion, Allpoint now provides surcharge-free ATM access throughout the United States, Mexico, United Kingdom, and Australia.

Credit Union 24 adds 28 credit unions Credit Union 24 reported that 28 new credit unions signed up with its nationwide ATM and POS network in 2010. The CUSO also reported that 65 credit unions that were already members renewed their service contracts last year. The gains brought an additional 185,000 card holders to the network, Credit Union 24 said.

Global card fraud on the rise: According to a Research Now report nearly a third (29%) of the 4,200 people surveyed across 14 countries have been victims of card fraud in the last 5 years. When comparing data with that from the 8 countries surveyed in 2009, this is a 60% increase. According to the survey, 81% of the respondents have confidence in the ability of their financial institution to protect them – despite the prevalence of card fraud. Forty-three percent of consumers in China and 32

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Industry News

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percent of consumers in the United States have experienced card fraud in the past five years. In contrast, just 11 percent of consumers in the Netherlands reported being victims of card fraud in the past five years. Instances of card fraud in the Netherlands are low because, as in most of Europe, credit cards and debit cards use "chip and PIN" security to protect cards when making point-of-sale purchases.

Skimming Fraud Increases in Europe – Losses Drop:

According to EAST, the European ATM Security Team, skimming at European ATMs increased by 24%, with 5,743 attacks reported in the first six months of 2010, compared with 4,629 during the same period in 2009. While incidents of skimming have risen, the associated financial losses have dropped because the cards have an additional layer of security known as chip and PIN technology, or EMV, which stands for Europay-MasterCard-Visa. Only those cards with magnetic stripes are still being skimmed. The stripe is there for the convenience of cardholders who travel to the United States or the handful of other countries that still rely on the magstripe technology (China UnionPay, the national bank card association, announced that after 2015 magnetic stripe cards will no longer be issued in China).

Global ATM Growth Expected: According to Global Industry Analysts Inc., the growth of ATMs worldwide is projected to top 3.1 million by 2015 – that's a staggering 41% growth in less than 6 years. The growth of ATMs in China alone is expected to grow from the current 210,000 to well over 500,000 during this period. China and India are expected to drive growth in Asia Pacific, and the strongest compounded annual growth is expected to be in the Middle East/Africa region. Anticipated 2015 ATM deployment by region:

Asia/Pacific (including Japan): 1,390,000 (44%)
 Europe/Middle East/Africa: 897,000 (29%)
 North America: 543,000 (17%)
 Latin America: 316,000 (10%)

Consumer and Minority Groups Join Chorus of

Sceptics: Two consumer groups have waded into the heated debate over debit-card processing fees, voicing concern that dramatic federal caps on the fees could backfire on consumers and push lower-income customers out of the banking system.

"We recommend that the Federal Reserve consider broadening its pricing standard to include compensation for additional, legitimate incremental expenses," stated the Consumer Federation of America's recent comment letter. The consumer group, which has several

Merchant Offer Program – Great for Seasonal Promotions

Materials for Mother's Day and Summer 2011 are now available. Help cardholders save on gifts for Mother's Day with these specially selected offers on flowers, clothing and more. Low-cost statement inserts and free email templates help your credit union create a promotion when time and resources are in short supply. All materials can be branded with your credit union's logo.

Gift Ideas for Mom, Savings for You



For more information about the Merchant Offer Program, contact Karl Kaluza at 866-598-0698 x1618 or karl.kaluza@mapacific.com.

credit union officials as board members, is also urging the Fed to examine the impact on credit unions and other small financial firms, which fiercely oppose the Fed's plan and are calling on Congress to help delay the regulations.

Nonprofit consumer advocacy organization National Consumer Law Center also said a severe cut in interchange fees could hurt low-income consumers and urged regulators to study the issue.

"A significant reduction in interchange fees, combined with reduced overdraft income as a result of earlier rules, will inevitably result in an increase in fees on consumers," National Consumer Law Center managing attorney Lauren Saunders wrote in her comments.

Minority Groups including the National Association for the Advancement of Colored People (NAACP) and the U.S. Hispanic Chamber of Commerce are calling for more study of the law.

"We are especially concerned about the potential impact the proposed rule could have on the ability of low- and moderate-income consumers to gain access to affordable small bank products and services," said Hilary Shelton, NAACP Director.

Debit Marketing Tools



At MAP, we recognize that marketing your card portfolio is an ongoing process — one made easier when undertaken a step at a time. That's why we are very excited to recommend the newly developed Debit Marketing Resource Guide available through Visa

Online. This easy to use tool will lead you step-by-step

through the process building and executing a successful marketing program.

Visa Debit Marketing Best Practices. Visa has included state-of-the-art planning tools such as best practices and insights to help you gain background knowledge when building your marketing plan. The program also includes webinars to help card marketers establish benchmarks, set a marketing strategy and increase debit card penetration, activation, and usage metrics.

Visa Marketing Materials. Visa has developed an entire suite of customizable marketing materials that utilize the latest debit findings and messaging. Through the flexible online tools, you can choose to building your own collateral or order pre-printed materials through Visa Fulfillment.

Retail Branch Sales Process. The retail branch offers one of the lowest cost-per-account of any other marketing channel and can be one of your most effective paths to long-term profitability. Focusing on the Branch Sales Process, Employee Training and the Branch Environment, you can analyze and refine your current sales process to ensure efficiency and success.

Finally, the **Visa Consumer Debit Branch Best Practices** describes nineteen best practices that you can put to work for your financial institution to improve Visa Debit penetration and activation. Among the nineteen practices, you'll discover the new role of online banking in tracking debit transactions, the use of customer incentives in the branch sales process, and whether paper checks are still required by top performers.

For more information about the Debit Marketing Resource Guide, contact Karl Kaluza at 866-598-0698 x1618 or karl.kaluza@mapacific.com.

Visa News

Debit Booming in the US:

Visa reported U.S. credit and debit card payments volume of \$493 billion for its first quarter of fiscal 2011 ended Dec. 31, up 12% from \$438 billion a year earlier. U.S. payment transactions hit 9.99 billion, up 14% from 8.75 billion. Debit as usual led the way, with U.S. purchase volume up nearly 17% to \$277 billion from \$238 billion in fiscal 2010's first quarter. Debit payment transactions grew 17% to 7.45 billion from 6.38 billion a year earlier. Visa's average debit card purchase fell slightly to \$37.16 in the first quarter from \$37.30 a year earlier. Credit continued its moderate recovery from its recessionary contraction. U.S. credit payment volume grew 8% to \$216 billion from last year's \$201 billion, and credit payment transactions increased 7% to 2.53 billion from 2.37 billion. The average credit card ticket increased 1% to \$85.27 from \$84.70.



Visa Introduces Non-U.S. PCI Relief to Push EMV:

Visa Inc. said it will relieve merchants outside the U.S. of the requirement to validate compliance with the Payment Card Industry data-security standard (PCI) if the merchants process at least three-quarters of their Visa transactions from chip-enabled terminals. The new PCI policy, intended as an incentive to speed up deployment of so-called Europay-MasterCard-Visa (EMV) chip-and-PIN systems, apparently represents the first time a major card network has offered to lift the PCI-validation requirement from merchants' shoulders since data-security standard was introduced six years ago. But Visa is pointedly excluding the U.S. market from its new policy, which it calls its Technology Innovation Program, citing uncertainties created by the Durbin Amendment to the Dodd-Frank Act.

Visa Teams With Fiserv, CashEdge in P2P Push: Visa has entered into separate partnerships with CashEdge and Fiserv to carve out a bigger slice of the person-to-person payments market, and the agreements could spur card issuers to adhere to Visa mandates requiring its partners to participate in its card-to-card transfer service. "What we consistently heard from clients is they want a range of options in how they send and receive money, and they want Visa to be one of those options," says Visa's Kelly Alpert. CashEdge's Popmoney and Fiserv's ZashPay systems will permit consumers to get payments directly to and from their Visa-branded debit, credit, and prepaid cards. The systems currently

Driving Contactless Payments – WIFM? (What's in it For Me?)



By Lisa Stanton, Executive Director,
Global Alliances, Monitise



Consumers are creatures of habit. If you think about your daily routine, there will likely be similar, familiar habits that continue throughout your day – the toothpaste you brush your teeth with everyday that you've been buying for years, the special brand of coffee you brew at home, your favorite morning show that you catch before heading in to work with the trusted anchors you enjoy. There are, of course, some limited opportunities for deviation – for example, the glorious weekend day when perhaps you can sleep in and then head to your favorite coffee house for a special latte.

Ultimately, however, consumers typically need some sort of motivation to alter their usual common and comfortable routines. Our behaviors and purchasing decisions are driven by our impression of what will suit us best, and straying from them requires a convincing response to the often subliminal question, "What's in it for me?"

To illustrate the need to put the consumer's reactionary question of "WIFM" first, I can reflect on a sizable project that I was spearheading more than 6 years ago with a major US issuer who agreed to become the largest issuer of debit cards with contactless payments capabilities.

With the network's moral (and financial) support, we went through the certification process to both issue and process contactless payments and then reissued millions of debit cards with the ability to "wave and go". The project included a detailed marketing and communications plan so that our customers would understand "HOW to use it". But the true question on their minds, "WHY do I want to?" was largely ignored.

What we surmised at the conclusion of the analysis period were a



number of key learnings that are worthy of another look as we prepare once again to drive consumers to take up contactless payments:

- a) **Learning One – A card is a card is a card.** Consumers really are very happy with swiping their cards. Since we were not changing the medium for payments with contactless, many customers just didn't 'get' why it might be worthwhile to "wave and go" rather than swipe.
- b) **Learning Two – If you pay them, they will come.** What I mean here is that things like doubling rewards points for contactless payments, for instance, encourage usage. Thankfully, this was not surprising to anyone, although it also became the ONLY motivator that was effective in driving the new behavior of "wave and go".

c) **Learning Three – Merchant training is a must.** Just because a merchant has contactless acceptance terminals does not mean that the sales clerks have any idea how to use them or even what they're for. This reality led to uncomfortable initial experiences for cardholders, which likely detracted from any interest in trying again.

d) **Learning Four – Engaged users equals sales volume.** The retail merchants where contactless was used saw dramatic increases in sales volume from those who were actively engaged in using it. Average ticket value for these subject transactions was up 45% using contactless payments vs. traditional swipe – an impressive number by anyone's measure.

Many years later, we are now embarking on what most believe to be the beginning of mass marketization of contactless, but this time via phones with contactless capabilities rather than cards. We would be well-served to consider the learnings of Round 1 as we embark on Round 2. Answering "WIFM" will be what drives the speediest conversion from swipe to wave, and a well-thought-out approach from the start will benefit all parties in the food chain.





Reason 1: Convenience. Mobile phones, as the payments medium, are more convenient. Anyone who says that accessing their credit card is more convenient than accessing their mobile device is either over 70 or has their iPhone plugged in to their car stereo and, therefore, would prefer to use their traditional plastic at the drive through.

Reason 2: Added Benefits. Mobile phones are intelligent, meaning they can deliver information that our plastic card cannot. This is a critical component to driving behaviors and one that I am not sure has gotten as much attention as it should. Just enabling a phone to perform a contactless payment is not enough. Consumers expect more (in fact, they demand more to make a change in behavior) and will quickly grow to anticipate a payment transaction that allows them to also move funds to and from select accounts, confirm or authorize the transaction, avoid an unnecessary overdraft or fee during the actual purchasing event, or benefit from a merchant discount.

Reason 3: Added Security. For years consumers have confirmed that anything that can deliver improved personal and financial security is a magnet for adoption. We must ensure that our solutions in this area include unquestionable security enhancements for users and that they understand what those are.

Reason 4: Rewards. Recent legislations that are dramatically changing the funding flows in the payments industry will likely, at least short term, put dampers on expanding issuer-led rewards programs. That is not to say that contactless users will ultimately benefit from the changes. Contactless is a great facilitator of this opportunity in particular, and the timing and opportunities for merchants in this regard have never been greater.

We are all creatures of habit. We will stray from those habits only when either forced or encouraged to. Those of us involved in introducing new, habit-forming opportunities are encouraged to consider our own behaviors as buyers when creating the payments opportunities and methods of the future.

As announced in November 2010, Visa, DeviceFidelity, and Monitise partnered to pilot mobile contactless payment technology that allowed customers to pay for purchases by waving their phone in front of a Visa payWave contactless payment terminal.

Working with the leaders in mobile payments technology, Member Access Pacific's mobile strategy relies on our expertise in the payments industry and our intimate understanding of credit unions and their members. Together with Visa, Monitise, and DeviceFidelity, we are leveraging the scale, innovation and flexibility of our partners to introduce mobile payment applications and value-added services in 2011.

MAP's Partners: Key to Monitise's success has been its flexible banking platform that allows it to work with all types of financial institutions and carriers. What makes Monitise one of the most exciting companies in the mobile banking space is the partnerships it has struck up around the world. DeviceFidelity's In2Pay technology combined with Visa's contactless payment solution, Visa payWave, will transform a mobile phone with a microSD memory slot into a mobile contactless payment device. This can enable consumers to make mobile Visa payWave transactions at any retail location that accepts contactless payments.

MAP, Visa and Monitise are working together to fulfill our strategic mobile banking solutions for our client credit unions. Below are the key features anticipated in 2011:

TRANSACTION SUPPORT

- Balance Inquiry
- Demand Et Weekly
- Funds Transfer
- Mini Statement

ALERTS SUPPORT

- Transaction Threshold
- Fuel Purchase
- Card Not Present
- ATM Withdrawal
- International Transaction
- Declines/Referrals
- Balance Threshold

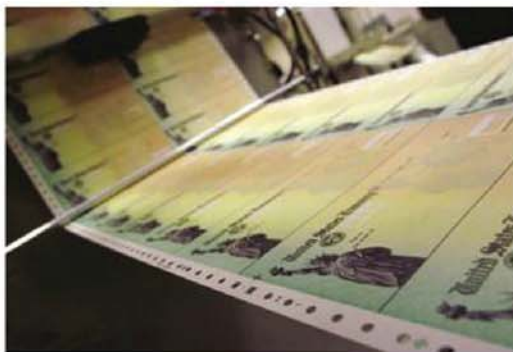
Visa News

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let users send and receive payments by pulling funds from bank accounts and transmitting them chiefly as an automated clearing house transaction. Visa required its U.S. card issuers and their processors to be set up to receive payments on behalf of Visa debit and prepaid card customers by last October, while issuers are required to be set up to receive payments on a Visa credit card by April 15. Visa says it hopes to coax issuers to offer the card-to-card service to senders by mandating that they be able to receive the payments. About 200 banks employ the Popmoney service while 700 banks have agreed to use ZashPay and 500 are live with the service.

Treasury Phasing Out Paper Checks: The U.S. Department of the Treasury issued a final rule to extend the safety and convenience of electronic payments to all Americans receiving federal benefit and non-tax payments. Anyone applying for benefits on or after May 1, 2011, will receive their payments electronically, while those already receiving paper checks will need to switch to direct deposit by March 1, 2013.

"Eight in 10 federal benefit recipients already use direct deposit, and now millions of additional retirees, veterans and other Americans will also receive their money in the safest, most reliable way – electronically," says Treasury fiscal assistant secretary Richard L. Gregg. "This important change will provide significant savings to American



taxpayers who will no longer incur the annual \$120 million price tag associated with paper checks and will save Social Security \$1 billion over the next 10 years."

Response to Japan Earthquake and Tsunami: In conjunction with its clients, Visa will waive interchange fees on donations made through April 30, 2011 to a select group of major U.S.- and Canada-based charities that are providing support to relief efforts. Eligible charities include American Red Cross, AmeriCares, Habitat for Humanity, Mercy Corps, Oxfam Americas, Save the Children, US Fund for UNICEF, and World Vision. Additionally, Visa will donate the revenue it generates from eligible contributions to the crisis through April 30, 2011 directly to the Red Cross. Visa also is making a philanthropic donation in support of the relief efforts.

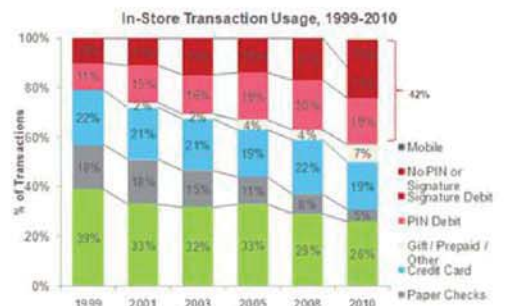
Debit's Rise to Dominance

In 2010, debit usage continued its explosive growth, as consumers dialed down their use of credit and paper checks moved closer to extinction. Changes in consumer spending habits in response to the tough economy and the increasing reach of debit card technology have helped to shape the consumer payments landscape.

Since 1999, Debit Cards have been the fastest growing payments category

Another long-standing trend that continued in 2010 is the decline of check usage, with only 5%

of consumers identifying this as the payment choice used most often in a store or retail environment according to a BAI Research/Hitachi Consulting study.



In 2010, credit cards as the preferred payment option in stores fell below 20% for only the second time since 1999, suggesting that the pressures of a bad economy encouraged consumers to steer clear of credit and rely more on payment options that help them control spending levels, such as debit. Additionally, "pay-in-full" consumers increased from 62% in 2008 to 68% in 2010. All signs point to this trend continuing, not only because the economic recovery remains stuck in neutral and consumers are cautious about their personal finances, but also because of recent regulatory changes impacting credit cards. The likely result of regulatory changes is a reduction in rewards and incentive programs for debit as issuers cut back on what they spend to motivate card usage. Surprisingly, although 21% indicated that they receive rewards for debit usage, approximately 64% said their debit usage is not very influenced by the rewards they receive.

Despite the continued hype, 2011 did not see the promise of mobile payments realized in any significant way. While 5% of consumers say they currently hold a mobile payment device, only 1% used it for an in-store purchase. Noteworthy, however, is the growth of person-to-person (P2P) payments and, to a lesser extent, prepaid cards, primarily when it comes to purchases over the Internet. On the strength of activity from PayPal the use of P2P payment options among those who made at least one online purchase grew from 49% of online purchases in 2008 to 62% in just two years, placing second only to credit cards as the predominant online payment option. Prepaid cards, whether gift cards or general purpose reloadable (GPR) cards, have also seen increased usage for online payments, growing from 32% in 2008 to 45% by 2010.

Letter from the CEO

Don't let your members be misled about the Debit Interchange Regulation.

With all the back-and-forth during the recent regulatory battle over debit interchange, a lot of mis-information has circulated about possible outcomes. Some in the media have reported that small banks and credit unions will be big winners because they are exempt from the price cap. Others have claimed that consumers will win because the merchants will pass on their savings in the form of lower prices. In reality, no financial institution -- and more importantly, none of the millions of Americans who use their services -- will benefit from these new regulations.

Since the Fed proposed the new regulations in December, we have been working non-stop to educate our clients about what the potential consequences will be for credit unions and their members. In turn, our clients have written to the Federal Reserve Board and contacted their representatives and senators about taking legislative action. It's now time to reach out to credit union members and explain the new reality that is expected if these rules going into effect.

Two organizations have created campaigns aimed at educating consumers about how the new regulations will make debit cards more expensive and less convenient than what they have come to know. The first comes from the National Federal Credit Union Association (NAFCU) and promotes "Do the Right Thing for America's Consumers" and the other is an ad that carries the tag line "Washington is helping you clean out your wallet" (see right) sponsored by the Electronic Payments Coalition, an alliance of credit unions, banks and payment card networks. These ads are available online at <http://www.electronicpaymentscoalition.org/interchange/fedrule/adcampaign.aspx>.

If you have the opportunity, I encourage you to reach out to your members about how this law will impact them. The proposed debit interchange rules represent a huge new regulatory burden, whose true costs will end up falling on the shoulders of your members and millions of American consumers.

During the next few months, you can expect even more fallout as the debit interchange regulations are debated and the final rules are written. We will be here to help you navigate these issues as they arise. We will also be working with our partners in anticipation of the changing payments environment ahead. As always, I am available to hear your concerns and answer any questions you might have. Feel free to call me, 1-866-598-0698, ext. 1610 or email me at cyndie.martini@mapacific.com.

Best Regards,

Cyndie Martini
President / CEO



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